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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Performance Measurements and
Reporting Requirements
for Operational Support Systems,
Interconnection, and Operator Services
and Directory Assistance

CC Docket No. 98-56
RM-9101

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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Summary

This NPRM describes a system for documenting and reporting how efficiently competitors can access the support functions of incumbent local exchange carriers ("LECs"). GSA recommends that this system be adopted as a model for state regulatory agencies.

In weighing the burdens and benefits of a comprehensive reporting system, GSA urges the Commission to fully credit the needs of end users for efficient access by competitors. For example, incumbent LECs should be permitted to employ statistical procedures to reduce measurement requirements only if sampling procedures are validated and documented. Furthermore, measurements and reporting should be geographically disaggregated to the LATA or Non-Associated Independent Area level.

GSA offers recommendations to increase the power of the proposed performance measurement system. As a backstop for states that do not adopt standards, GSA urges the Commission to require that its measures and reporting requirements be set as the minimum acceptable level on a mandatory basis after an initial period, such as one year. Furthermore, GSA recommends that the Commission associate at least one specific numerical target or standard with each performance measure. This target would not be mandatory within the initial period, but it could be used by state regulators at any time. Moreover, GSA believes that distribution of information should not be confined to currently interconnected carriers, but should be extended to include end users and all carriers who may potentially provide services.

Finally, an index of overall performance should be incorporated in existing price cap regulatory plans. This procedure, which has been employed by some state regulators for services offered directly to end users, will provide direct financial incentives for incumbent LECs to offer high quality access to their competitors.

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GENERAL SERVICES ADMINISTRATION**

The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Commission's Notice of Proposed Rulemaking ("NPRM") released on April 17, 1998.¹ In the NPRM, the Commission seeks comments and replies on a methodology for determining whether new providers of telecommunications services are able to access the support functions of incumbent local exchange carriers ("LECs") in a non-discriminatory, just and reasonable manner as prescribed by the Telecommunications Act of 1996.²

I. INTRODUCTION

Pursuant to Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 481(a)(4), GSA is vested with the

¹ CC Docket No. 98-56, RM-9101, Notice of Proposed Rulemaking, released April 17, 1998.

² Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, amending the Communications Act of 1934, 47 U.S.C. § 151 *et seq.* ("Telecommunications Act").

responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. The FEAs require a wide array of interexchange and local telecommunications services. From their perspective as end users, the FEAs have consistently supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services.

As end users seeking to maximize the number of possible alternative suppliers, the FEAs are vitally concerned with support systems and interconnection services, as well as operator and directory assistance services. These systems and services are vital to new competitors attempting to offer high quality services to their own customers. The large incumbent carriers control most of the telecommunications infrastructure in the nation. Efficient competition benefiting all end users will not develop until competing carriers have efficient access to this infrastructure.

About a year ago, LCI International Telecom and the Competitive Telecommunications Association submitted a petition requesting the Commission to initiate a proceeding to address issues concerning standards for access to operations support systems ("OSS").³ These petitioners explained that incumbent LECs were not meeting the requirements of the Telecommunications Act to provide nondiscriminatory access to their OSS.⁴ The petitioners also noted that the continuing debate concerning OSS criteria and standards was preventing compliance with the Commission's directives to provide efficient access to the existing systems.⁵

³ LCI International Telecom Corp. and Competitive Telecommunications Association Joint Petition for Expedited Rulemaking, May 30, 1997 ("Petition").

⁴ *Id.*, p. i.

⁵ *Id.*

GSA submitted comments in response to that petition.⁶ In those comments, GSA urged the Commission to issue an order requiring all incumbent LECs to identify the OSS functions for which they had established performance standards and to provide descriptions of those standards, as well as the corresponding measurement criteria.⁷

In the instant NPRM, the Commission has described a non-mandatory model system to meet the needs for detailed information on the availability of access to the incumbent carriers' support systems.⁸ The Commission tentatively concludes that the designated information should be available to those competing carriers already obtaining services from the incumbent LEC through an interconnection agreement or a statement of generally available terms and conditions.⁹

As described in the following comments, GSA believes that the Commission's model system should be implemented as expeditiously as possible. Moreover, the system should be expanded to include minimum mandatory standards if state regulators do not act in a reasonable period. Also, GSA strongly urges the Commission to make performance data available to all carriers and end users. Finally, GSA requests the Commission to incorporate any interstate reporting system into the price cap procedure currently employed for the larger local exchange carriers under its jurisdiction.

⁶ RM 9101, Comments of GSA, July 10, 1997.

⁷ *Id.*, p. 8.

⁸ NPRM, paras. 27-115, and Appendix A.

⁹ *Id.*, para. 106.

II. THE COMMISSION'S NOTICE OUTLINES A COMPREHENSIVE SYSTEM FOR REPORTING OSS ACCESS AVAILABILITY.

The NPRM contains a detailed description of a comprehensive system to measure and document access to the incumbent carriers' OSS and other elements of the network infrastructure. The system encompasses all five of the five OSS functions that the Commission designated as unbundled network elements: 1) pre-ordering; 2) ordering; 3) provisioning; 4) maintenance and repair; and 5) billing for telecommunications services.¹⁰

Appendix A to the NPRM contains detailed specifications for the model system. The descriptions in this appendix include subsections on Proposed Measurements, Categories of Information, and Exclusions for each support function. The Proposed Measurement subsection specifies the quantitative measures of performance; the Categories subsection indicates the required disaggregation of data; and the Exclusions subsection lists items that should be ignored in applying the procedure.

As an example, four measures are identified for Maintenance and Repair — "average time to repair," "frequency of troubles in a 30-day period," "frequency of repeat troubles in a 30-day period" and the "percentage of troubles resolved within an estimated time."¹¹ For Maintenance and Repair, the "separate categories" include retail residential, resale residential, retail business, and resale business services.¹² Subcategories are used to distinguish whether repair forces were dispatched or not.¹³ The "exclusions" for Maintenance and Repair include trouble tickets canceled by the

¹⁰ *Id.*, para. 28.

¹¹ *Id.*, Appendix A, p. A-10.

¹² *Id.*

¹³ *Id.*

competing carrier, trouble reports associated with administrative services, and cases where the ultimate customer requests that a ticket be held open for monitoring.¹⁴

In addition to the five OSS elements, the proposed system encompasses operator services and directory assistance ("OS/DA"), as well as interconnection services. For OS/DA, the NPRM proposes that incumbent LECs tabulate and report the "average time for an operator to answer a call."¹⁵ The proposed measure for interconnection services is the "percentage of trunks that were blocked at some time during the reporting period."¹⁶

The NPRM seeks comments on the scope of the proposed system, as well as the precise performance criteria, categories and exclusions.¹⁷ The NPRM also lists a number of corollary issues for comments. For example, parties are asked to comment on the costs and benefits of monthly, as opposed to quarterly reporting.¹⁸ Also, comments are sought on the use of statistical techniques, in place of complete enumeration, in evaluating a carrier's performance according to the recommended criteria.¹⁹ Additional issues concern the distribution of information. The NPRM requests comments on what organizations should receive the reports by the incumbent carriers on a regular basis.²⁰

¹⁴ *Id.*, p. A-11.

¹⁵ *Id.*, p. A-15.

¹⁶ *Id.*, p. A-16.

¹⁷ *Id.*, paras. 116-123.

¹⁸ *Id.*, para. 116.

¹⁹ *Id.*, paras. 119-121.

²⁰ *Id.*, para. 106.

III. THE PROPOSED MODEL PROVIDES A FRAMEWORK TO HELP ACHIEVE THE BENEFITS OF COMPETITION.

A. The system will help additional carriers to compete effectively in local exchange markets.

In an order in CC Docket No. 96-98 almost two years ago, the Commission described the need for competitive carriers to have access to the support systems controlled by the incumbent LECs.²¹ The Commission required the incumbent carriers to provide access "[a]s expeditiously as possible, but in no event later than January 1, 1997."²²

The incumbent carriers control almost all of the local telecommunications infrastructure in the nation. From their vantage point as end users, the FEAs can confirm that the ability to obtain local telecommunications services from competitors will be delayed if the competitors do not have efficient access to the existing infrastructure.

Six months after the January 1, 1997 deadline, the joint petitioners reported that most incumbent LECs were still doing very little to develop standardized approaches to the critical OSS interfaces.²³ It is evident that an aggressive and comprehensive approach is now required. The measurement and reporting system described in the NPRM provides this response.

²¹ Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, CC Docket No. 96-98, 11 FCC Rcd 15499 (1996), motion for stay denied, 11 FCC Rcd 11754 (1996), Order on Reconsideration, 11 FCC Rcd 13042 (1996), Second Order on Reconsideration, 11 FCC Rcd 19738 (1996), further recon. pending, appeal pending sub nom. Iowa Util. Bd. v. FCC and consolidated cases, No. 96-3321 et al., partial stay granted pending review, 109 F.3d 418 (8th Cir. 1996), order lifting stay in part (8th Cir. Nov. 1, 1996), motion to vacate stay denied, 117 S. Ct. 429 (1996).

²² *Id.*, para. 521.

²³ Petition, p. iii.

The proposed system is aggressive because it contains quantitative measures that can be applied on a uniform basis. In addition, the system is comprehensive because it covers all of the OSS elements, as well as operator and interconnection services. Furthermore, since the model includes disaggregated measures applied to individual categories of service, the system will help firms seeking to compete by all three modes of entry: 1) through use of their own facilities; 2) through use of unbundled network elements; or 3) through resale of an incumbent carrier's services.

In short, the proposed system is a step to more robust competition. As a minimum, the Commission should adopt these performance measures and reporting requirements.

B. The system will help end users to receive high quality service from all carriers.

End users have a direct stake in activities to monitor and report on OSS access, because interconnecting carriers must receive high quality services from the incumbent LECs in order to provide high quality services to their own customers. Monitoring access to the telecommunications infrastructure is especially important for end users such as FEAs, who enter into contracts to obtain their local telecommunications services in many locations throughout the nation. The FEAs must be able to anticipate uniform service quality in every state, as well as timely invoices and uniform ordering formats, independent of interconnection or other arrangements between local exchange carriers.

In recent years, the FEAs have participated in many proceedings before state regulatory agencies to address the rates, terms and conditions for unbundled network elements and interconnection services.²⁴ As GSA stated in its Comments to this

²⁴ For example, District of Columbia Public Service Commission Formal Case No. 962, Georgia Public Service Commission Docket No. 7061-U, Maryland Public Service Commission Case No. 8731,

Commission in CC Docket No. 95-116, the evidence in cases before state regulatory agencies has demonstrated that incumbent local exchange carriers have not given sufficient attention to the need for efficient operations support to competitive local carriers.²⁵

For example, GSA explained that the terms and conditions proposed for unbundled network elements and interconnection services to competing carriers have not included procedures for coordinating repair activities.²⁶ Statements of generally available terms and conditions for unbundled network elements and interconnection services provided to competitors typically contain only vague commitments that the incumbent carrier will provide a minimum amount of information to end users.²⁷

The system described in this NPRM measures access in dimensions that are highly visible to end users. For example, "average completion interval" and "percentage of due dates missed" are included as performance measures for ordering services. The ordering segment also includes a measure that end users with frequent circuit moves will find especially relevant. All outages in the 30-day period immediate following circuit activation — almost always the most troublesome period — would be separately monitored and reported.

The Commission should employ the proposed system because it contains a comprehensive set of measures that quantify access to the incumbent carriers' systems in dimensions that end users normally employ to measure the quality of services that they expect to receive from their own carrier.

New Jersey Board of Public Utilities Docket No. TX95120631, New York Public Service Commission Case Nos. 95-C-0657, 94-C-0095 and 91-C-1174, and Virginia State Corporation Commission Case No. PUC970005.

²⁵ CC Docket No. 95-116, GSA Comments, June 2, 1997, p. 5.

²⁶ *Id.*, pp. 9-10.

²⁷ *Id.*, pp. 5-9.

C. The system will provide incentives to improve performance with minimal regulatory intervention.

GSA concurs with the Commission's tentative conclusion that the proposed measurement system will provide an incentive for incumbent LECs to comply with statutory requirements, because the interconnecting carriers will have access to detailed information describing access to the LEC's systems.²⁸ Competing carriers can review the performance reports and evaluate whether actual conditions might indicate possible statutory violations.²⁹ Furthermore, competing carriers can use this information in negotiations with the incumbent carriers to try to resolve performance disputes.³⁰

GSA also concurs with the Commission's tentative conclusion that performance monitoring reports will also reduce the need for regulatory oversight by encouraging self-policing among carriers.³¹ Then, if it is necessary to resort to a formal review process, the reported data can facilitate swift and fair resolution of a complaint.

IV. THE PERFORMANCE MEASURES AND REPORTING REQUIREMENTS SHOULD BE EXPANDED TO PROVIDE AS MUCH VALUABLE INFORMATION AS POSSIBLE.

A. The Commission should fully credit the needs of end users and competitive carriers in balancing the burdens and benefits of comprehensive reports.

The model system seeks to balance the goal of detecting barriers to competition with the goal of minimizing burdens on the incumbent LECs.³² The NPRM seeks

²⁸ NPRM, para. 15.

²⁹ *Id.*, para. 16.

³⁰ *Id.*

³¹ *Id.*

³² *Id.*, para. 36.

comments on whether the difficulties in collecting and reporting information for a particular measurement outweigh the benefits associated with reporting this information.

While timely reporting is important, GSA believes it will usually be much better to trade report frequency for scope and depth when balancing the benefits and burdens of obtaining access data. Thus, more comprehensive quarterly reports would be preferable to monthly reports with significantly less detailed information.

GSA is sensitive to the costs of collecting and disseminating information, and the needs of all carriers to employ their resources efficiently. However, GSA urges the Commission to consider the scope of the resources and infrastructures under the control of the incumbent LECs in evaluating whether systems that will help more competition to develop are truly a "burden" on them.

It is difficult to overemphasize the importance of information concerning access to OSS and the other parts of the incumbent LECs' infrastructures. As explained above, competitors need consistent standards to participate in local markets, while end users need them to receive high quality telecommunications services from any carrier. These facts should weigh heavily in balancing the burdens and benefits of a model performance measurement and reporting system.

B. Statistical techniques may be employed, but only with formal validation and complete documentation.

The NPRM seeks comments on the use of statistical analysis in evaluating an incumbent LEC's compliance with the requirements to document access to OSS and other parts of the telecommunications infrastructure.³³ The NPRM generally favors statistical techniques to obtain valuable information while minimizing the burdens of

³³ *Id.*, para. 119.

data collection on the incumbent carriers. In fact, Appendix B to the NPRM discusses issues related to the application of statistical techniques to obtain performance measurements.

GSA acknowledges that statistical approaches can be very efficient and yield highly accurate results if they are properly designed and carefully implemented. Therefore, GSA believes that the incumbent LECs should be permitted to obtain data and to report performance on a statistical basis if two conditions are met:

- Incumbent LECs must provide mathematically sound verification that the estimates and conclusions are accurate within specified and stringent statistical limits; and
- Procedures used to obtain statistical estimates and validity checks must be fully documented.

As noted in Appendix B to the NPRM, statistical tests are often employed to evaluate two samples based on their respective averages or means.³⁴ For example, if the average order completion interval was 5.1 days for services to the LEC's retail customers and 4.9 days for services to a competing carrier, the important question is whether competing carriers are in fact getting equal or better performance. Statistical testing never provides positive proof of the truth of a hypothesis. The essence of statistical testing is that the facts are given a chance to disprove an hypothesis. Thus, in the example here, the incumbent carrier should be required to perform a statistical test to disprove the hypothesis that completion intervals are in fact greater for competing carriers. A high confidence standard should be required for all such tests.

Appendix B to the NPRM also notes the importance of measures other than the mean or average performance.³⁵ As an example, one LEC might complete 50 percent

³⁴ *Id.*, p. B-1.

³⁵ *Id.*, p. B-2.

of its service orders in four days and the remaining 50 percent in six days, while another LEC might complete 50 percent of its orders in one day and the remaining 50 percent in nine days. The mean completion interval is five days in both cases, but most users would probably agree that the first LEC was providing better service.

Customers for any service tend to be highly sensitive to variability and to the longest waiting period. Therefore, as end users, GSA recommends use of measures such as the "percentage completed within (specified limits)" as a supplement to "average" performance measures employed for access to the incumbent LECs' infrastructures.

C. Performance measurement and reporting should be geographically disaggregated to the LATA or Non-Associated Independent Area level.

The Commission invites comments on the appropriate geographic level for reporting under the model system.³⁶ The NPRM suggests state boundaries, Local Access and Transport Areas ("LATAs"), or Metropolitan Statistical Areas ("MSAs") as possible alternatives.³⁷ The NPRM asks parties to consider the twin goals of ensuring meaningful results while minimizing reporting burdens on the incumbent LECs.

GSA recommends measurement and reporting on the basis of LATAs for the Bell operating companies and Non-Associated Independent Areas for the other incumbent LECs. Reports by state would be too aggregated. Valuable information is lost by amalgamating data for Chicago and Cairo into a single figure for "Illinois," or the New York Metropolitan Area with Binghamton into a single figure for "New York state."

³⁶ *Id.*, para. 38.

³⁷ *Id.*

The large incumbent LECs are accustomed to LATAs, because they have been used to define their areas of operation for the last 15 years. LATAs and Non-Associated Independent Areas generally correspond with extended metropolitan areas or communities of interest, except in the least populated states, where geographical precision has reduced importance. While MSAs might provide an acceptable level of disaggregation, this regional definition is most frequently used to prescribe boundaries for wireless services, and not generally used to report data on wireline carriers.

V. THE MODEL SHOULD BE EXPANDED TO INCLUDE MANDATORY MINIMUM REQUIREMENTS AFTER AN INITIAL PERIOD.

The NPRM states that the Commission would propose to adopt a set of model performance measurements and reporting requirements that would not be legally binding, at least initially.³⁸ This approach would provide flexibility to state regulators. The states that have begun the process of developing performance measurements and reporting requirements could continue their work and use the Commission's model rules as they wish. On the other hand, the states that have not begun this process could adopt the Commission's proposed set as a package.³⁹

Furthermore, all performance measures are presented in the NPRM without threshold points or even performance ranges. Thus, "average coordinated customer conversion interval for an unbundled loop" is suggested as a performance measure, without any numerical standard such as "average of completion intervals less than 24

³⁸ *Id.*, para. 23.

³⁹ *Id.*

hours" or "99.5 percent of completion intervals less than 48 hours." State regulators would be free to set specific standards in all instances.

GSA agrees generally with the Commission's approach of establishing guidelines for state regulators to employ in developing specific standards. In fact, GSA recommended this approach in its previous comments in the instant proceeding.⁴⁰ As GSA explained in those comments, national uniformity has important advantages, but state regulatory authorities have valuable experience in developing and administering standards for many of the activities (such as billing and maintenance) which will now be performed by incumbent LECs in a multi-carrier environment.

However, notwithstanding the advantages of providing flexibility for state regulators, GSA is concerned that some jurisdictions may be slow to develop effective performance measures and reporting requirements. These jurisdictions may also elect to ignore this Commission's initiatives as a guide for their own work.

Therefore, to provide a backstop for states that do not act, GSA urges the Commission to require that its measures and requirements be viewed as the minimum acceptable level on a mandatory basis after an initial period, such as one year. The Commission's rules would be employed as the default in states that had not acted to adopt a similar set of measures and requirements within that period.

Furthermore, GSA urges the Commission to associate at least one specific numerical target or standard with each performance measure. This target would not be mandatory within the initial period, but it could be used by state regulators at any time. Also, the target would represent the minimum standard for state plans that should be required after the initial year.

⁴⁰ RM-9101, Comments of GSA, pp. 9-10.

VI. REPORTS SHOULD BE AVAILABLE TO END USERS AND ALL CARRIERS.

The Commission tentatively concludes that the performance reports should be available to the competing carriers that already obtain services from the incumbent LEC.⁴¹ Apparently, there would be no requirement to make the reports available to other carriers or to end users.

GSA strongly urges the Commission to require the incumbent LECs to make the reports publicly available. This procedure would provide information to competing carriers seeking to evaluate the opportunities for obtaining services from an incumbent carrier, even if they are not actually doing so at the present time. Also, the procedure would make information available to end users actually or potentially receiving services in the area.

The NPRM describes the advantages of making information available to competing carriers actually obtaining services. In short, the reports provide an additional means for motivating incumbent LECs and evaluating their performance. There are similar — if not stronger — reasons for making the information available to potential competitors who may need access to the incumbent's infrastructure. The potential competitor needs an assessment of the ability to access the infrastructure — as measured by the access already accorded other competitors — to make an informed decision on whether to offer services in that area at all.

End users also have a significant stake in the quality of access that incumbent LECs provide to their competitors. When an end user uses a competing carrier that is receiving inferior access, the end user will receive poor service in turn. An end user

⁴¹ NPRM, para. 106.

using an incumbent carrier will not be better off. The incumbent will ultimately provide lower quality service to its own retail customers if competition cannot develop.

VII. PERFORMANCE MEASUREMENT RESULTS SHOULD BE INCORPORATED IN PRICE CAP REGULATORY PLANS.

A. Integration of performance measurements with price caps will increase incentives for LECs to offer high quality services.

Alternative regulatory regimes, such as price cap plans, are intended to induce carriers to cut costs, with resulting savings for ratepayers. These plans may also have the unwanted effect of inducing carriers to cut corners on service quality, particularly if competition is developing slowly.

To help motivate carriers to maintain high service quality, GSA urges the Commission to include a system for incorporating the performance measures discussed in the NPRM into price cap plans. An overall performance index based on these measures could be used with the Commission's price cap plan, or with price cap plans employed by state regulatory agencies. Thus, if the Commission mandates a uniform nationwide performance measurement system in the future, the nationwide index could be incorporated into the price cap procedure employed for regulating the interstate services of the major incumbent LECs. On the other hand, if performance monitoring is left to the individual states, a model that reflects performance measures in price cap plans would be helpful to state regulatory agencies.

The regulatory plan employed for the major incumbent LECs under this Commission's jurisdiction includes a measure of inflation for the total economy, a "productivity offset" to reflect the exceptional level of productivity improvement in the telecommunications industry, and an "exogenous factor" to reflect external impacts on

the carrier's costs.⁴² Most plans used by state regulatory agencies have the same form.

A substandard level of service quality can be reflected by an adjustment to the price cap index. For example, a service quality term — say, minus one or two percentage points — would be included in the price cap formula.⁴³ The inclusion of this term or a corresponding procedure to modify the productivity offset would provide a direct financial incentive for incumbent LECs to maintain high quality access to their infrastructures.

B. State regulators have combined price caps with quality measures for services provided to end users.

Several state regulatory agencies have included measures of the quality of the services provided to end users in their price cap plans. Under these pricing regimes, a utility's failure to achieve service quality levels above a specified level affects the price cap index.

For example, the Massachusetts Department of Public Utilities concluded that:

Because price cap regulation introduces a financial incentive for the regulated firm to reduce costs, a well-designed price cap plan must include some form of protection against a reduction in service quality for monopoly customers.

⁴² CC Docket No. 94-1, Fourth Report and Order, released May 21, 1997.

⁴³ The price cap formula would take the form:

$$\text{GDP-PI} - X \pm Z - Q,$$

where:

GDP-PI = the annual percentage change in a measure of economy-wide price inflation, such as Gross Domestic Product Price Index;

X = a productivity measure to capture the cost-decreasing effects of anticipated annual improvements in the LEC's productivity and input price levels (6.5 percent under the Commission's plan);

Z = potential adjustments to reflect external or "exogenous" inputs; and

Q = an adjustment to reflect substandard performance, if applicable.

Accordingly, we approve [a proposed pricing rule for NYNEX] with modifications to indicate that (1) failure to achieve 33 points in the measure of the SQI [service quality index] in any month will result in an increase of one-twelfth of one percent in the productivity offset in the subsequent annual filing, and (2) when three or more of the twelve individual service items that comprise the SQI fall below the standard threshold in any month, there shall be an increase on one-twelfth of one percent in the productivity offset in the subsequent annual filing.⁴⁴

While the Massachusetts plan penalizes substandard service through an adjustment in the productivity index rather than through a separate term in the price cap formula, the result is mathematically the same.

As another example, the Illinois Commerce Commission adopted a service quality plan that adjusts the price cap index for the state's largest local exchange carrier by as much as two percentage points if the company fails to meet all of that Commission's service quality performance standards.⁴⁵ Rhode Island also has a plan that links service quality performance to the price cap index.⁴⁶

The service quality measures in the plans that have been adopted so far by state regulatory agencies reflect performance in providing services directly to end users, while the plan under consideration in the present proceeding addresses services provided directly to other carriers. Nevertheless, as discussed previously in these comments, end users have a vital stake in both cases, and most of the same operational practices apply in serving both carriers and retail customers. Therefore, GSA urges the Commission to include a procedure to incorporate performance measures into price caps as part of the model to result from this proceeding.

44 Massachusetts Department of Public Utilities, D.P.U. 94-50, order released May 12, 1995.

45 Illinois Commerce Commission, Docket No. 92-0448/93-0239, order released October 11, 1994.

46 State of Rhode Island and Providence Plantations Public Utilities Commission, Docket No. 2370, order released June 25, 1996.

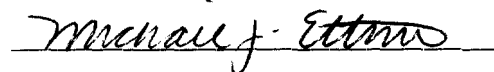
VIII. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to adopt to implement a measurement and reporting system for OSS and the other elements of the incumbent carriers' infrastructure as discussed in these comments.

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